

**SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES
AND BASEBALL**

November 13, 2006

5:15 PM

Chairman Lopez called the meeting to order.

The Clerk called the roll.

Present: Aldermen Lopez, Gatsas, Smith, DeVries, Roy

Messrs: R. Sherman, S. Hamilton, T. Clark, R. McKenzie

Chairman Lopez addressed item 3 of the agenda.

Petition to discontinue a portion of So. Bedford Street.

(Note: Tabled in CIP Committee on 07/11/2006. On July 11, 2006, the Board of Mayor and Aldermen voted to refer this matter to this Committee also.)

Chairman Lopez stated for item number three, I'll ask the committee to table this. I have no information whatsoever and no new request has come in that I know of, so the only thing I can do is say, table it until such a time that people submit a request.

On motion of Alderman Roy, duly seconded by Alderman DeVries, it was voted to table this item.

Chairman Lopez addressed item 4 of the agenda.

Communication from Randy Sherman, Interim Finance Officer, submitting a request on behalf of the NH Fishercats and the Eastern League of Professional Baseball Clubs to change the timing agreement of the Guaranteed Minimum Payment, per section 7.1.1 of the Operations Agreement.

Randy Sherman, Interim Finance Officer, stated if you go back to the management and operations agreement that we have, the team is required to make fifty percent of their payment every year on February 1st, and the second fifty percent comes on July 1st. Originally, when those two dates were selected the thought was that the team would have, in hand, come February 1st, all of their season ticket revenues.

And therefore we were trying to match it up with a cash flow. What the team has come back and is requesting is that we move both of those payments to the dates as requested here, April 1st and September 1st, to better match their cash flow. Again, when we first did it, we thought that they would have their season ticket revenues, which they do, but what we were unaware of at that time is how much up front expenses they had before the season started. I have gone back and asked that we get a letter from the League. As you know, the League is party to the agreement as well. The League does not have a problem with us moving it, and I sat down with Karl Stone and looked at their cash flows. And what has happened over the last two years is they end up, in essence, getting a loan to cover the cash flow for the early part of the season, which really isn't beneficial to them. If we move it from February to April and July to September, the real impact to the City is obviously interest earnings, not having that cash in our bank account. It will be obviously in the team's account. But other than that, Rick and Karl are here if you have any questions for the team.

Alderman Gatsas asked Randy, when do our bond payments...what are our due date payments for bonds?

Mr. Sherman responded our bond payments come in in June and December. So we would still be receiving the payments prior to the debt service.

Alderman Roy stated Randy, have you calculated out...you just talked about the loss of interest in dollars. Have you calculated that out?

Mr. Sherman stated at five percent it's about \$1,500 a month. So if you're pushing it two months, twice, you're talking roughly maybe \$6,000, if we're earning five percent.

Alderman DeVries asked Randy, are there any other portions of the lease agreement that need to be amended to reflect this change?

Mr. Sherman stated not that I'm aware of.

Alderman Roy stated if there are no more questions, Mr. Chairman, I can make a motion to move this along.

On motion of Alderman Roy, duly seconded by Alderman Smith, it was unanimously voted to approve this adjustment to the timing agreement and to pass it along to the full Board for approval.

Alderman Gatsas asked have we got a completed quote for what the total cost on the project was?

Mr. Sherman asked the capital costs?

Alderman Gatsas asked do we have a final...

Mr. Sherman stated that would probably be something that Frank Thomas would have. He would have the final numbers, I would assume.

Chairman Lopez stated I think he provided that to us. We can get that again. We'll double check with Frank Thomas. He's at a dentist appointment tonight. We'll get that information, Matt.

Alderman Gatsas asked was there an overrun, does anybody know?

Chairman Lopez not original overruns that I know of.

Mr. Sherman stated we ended up using all of our proceeds toward the project, and anything over and above that was picked up by the team.

Alderman Gatsas asked do we know how much that was?

Mr. Sherman responded I don't.

Alderman Gatsas asked does anybody know how much it was? Were you ever sent it?

Chairman Lopez stated the last time we heard from Frank Thomas there was a total package and there was a few dollars left in there, but let's be sure. We'll get it again and make sure we're brought up to date.

Alderman Smith stated the projection from Frank Thomas, that was February 6, 2006.

Chairman Lopez stated we'll have the clerk contact Frank Thomas and have Frank Thomas send us the final, working with Randy Sherman, so that we can see the total cost and what leftover surplus we had. I know that there was a small surplus.

Alderman Smith stated as of February 6th there was \$860.

Chairman Lopez stated that number rings a bell.

Mr. Sherman stated that's how much came back. If you recall, when we did the project we moved some money out of the one-time account to pay for the elevator

at Gill Stadium. That \$860 was what was left out of that. As far as all the bond proceeds and the contribution from Mr. Webber, all those dollars got spent on the project.

Alderman Gatsas asked is there any way we can get a complete summary of what's owed on taxes on the project and how close they are to the threshold of \$80 million or \$40 million, or whatever it was?

Chairman Lopez stated we have the Assessor here tonight.

Mr. Stephan Hamilton, Board of Assessors, stated the total assessed value for tax year 2006 is \$22, 075,200. That includes the hotel property, the condominiums, the retail parcel and the future development sites for the towers.

Chairman Lopez asked may we have a copy for us?

Alderman Gatsas asked and what were you expecting? What should be in place as of this date?

Mr. Sherman stated in order to cover the debt service for this year they would have needed just over \$29,000,000. What that does is that leaves them with a May co-payment of about \$120,000, of which \$85,000 was billed back in the spring and the balance would be billed, if not this week, next week when the tax bills go out.

Chairman Lopez asked on the two towers they've got to maintain on a lower credit, half a million dollars, right?

Mr. Sherman stated right. The letter of credit is still, I believe, in excess of \$1.2 million. And the two towers are \$500,000 each, within that \$1.2 million.

Alderman Gatsas asked so is the \$35,000 going down going to be off the \$1.2 million?

Mr. Sherman stated yes. No, the \$1.2 million is just for the residential property. We have about \$120,000 on the retail parcel. So about \$27,000 will come out of the \$1.2 million and the balance will come out of the retail.

Alderman Gatsas asked and when is the next date, and what is the amount that they have to hit for the next threshold?

Mr. Sherman stated the next date that they would hit is when the next tax billing comes out, so probably May or June.

Alderman Gatsas asked isn't there a billing due in December?

Mr. Sherman stated no that's included in those numbers. What we do is we like to see how much property tax is generated, so if they get some more townhouses on and those numbers change, then we take the debt service. The debt service does go up significantly from May.

Alderman Gatsas asked what is that amount?

Mr. Sherman stated it goes up about \$400,000 over where it was this year. I want to say it's roughly \$1.7 million. Now, out of that \$1.7 million, \$750,000 comes from the team. The next portion that pays it is the property taxes, which right now the property taxes are about \$371,000. Is that about right, Steve? And then the balance would be as part of a make-whole payment.

Alderman Gatsas stated so it's about \$700,000.

Mr. Sherman stated probably closer to six. It could be a significant number, of which then they'll only be paying half. So again, the issue is, as they get more townhouses that come on to pay property taxes, it will reduce that number.

Alderman Gatsas asked why would they only pay half of the six?

Mr. Sherman responded because the debt service is for the entire year, so really it's \$1.7 million divided by two and then the same thing on the property taxes and the seven. But we do take out the whole \$750,000 out of the \$1.7 million. So again, everything is half across the board.

Chairman Lopez stated for clarification, for the whole year though, let's say for the sake of argument, it's \$1.6 million debt service. And we have a million dollars. The first portion would be \$300,000 and the second portion, if we don't have any more condos go up, it would be another \$300,000?

Mr. Sherman stated right.

Chairman Lopez stated okay, I just wanted to clarify that. Three hundred thousand would be due the first of July and then the other \$300,000, the balance...in the meantime, hopefully, some more condos go up which gives you more tax base.

Mr. Sherman stated and that's why we actually billed so much more back in May than we are in the fall, because we billed about \$85,000 and now it's dropped

down to about \$35,000. And again, that's because more units came on. Obviously with reval the tax base changed and tax rates changed.

Alderman Roy stated my first question is for Randy. Randy, the \$85,000 you mentioned: have we received that payment?

Mr. Sherman responded yes.

Alderman Roy stated next question is for Steve Hamilton. Steve, looking at this paper you just passed out, the total value, being a new project, on the front of your memo it says the Assessors will review the property on or about April 1, 2007 for next year's assessment. Naturally, you did these condos as of April 1st of '06, correct?

Mr. Hamilton responded correct.

Alderman Roy asked and then anything that comes on line now, are you using the sales price as the market value?

Mr. Hamilton responded well we don't directly go to the selling price, but the revaluation contractor has built a model that predicts value for that project, based on the selling prices that have already occurred. So we reasonably approximate the market value of those units.

Alderman Roy stated okay, because I noticed...do you have a copy of your memo?

Mr. Hamilton stated yes.

Alderman Roy stated on the third page, Map and Lot 909-40 the total value for that condo is \$300,300. And they seem to be...anything you have listed as condominium, the minimum is \$357,000. And likewise on the page before, 107 Riverwalk and 105 at the bottom of your list, seem to be considerably lower than anything in private hands.

Mr. Hamilton stated because...if you look actually, on page 3 at...I'm sorry, on page 2 at Unit 909, 4AM and 4AP, those are units that were constructed after April 1st, so we're not picking them up for tax year 2006. But they've already been sold to private individuals. So those units are completed and they'll be assessed at their full value for tax year 2007. And likewise, with some of these other units, they may have been at some percentage of completion on April 1st.

Alderman Roy stated thank you.

Alderman Smith stated the total market value estimate...the hotel was \$10,225,000; the retail land was \$200,000; residential condominiums was \$11 million; and the potential value at the time when you did it was \$22, 320,000, and it's a little bit less right now. I happened to take a visit down there today and it seems like nothing's going on, so what I know that you're basing on April of this year, and I think we've got problems down the road because I don't see any significant thing going on. They've got actually a concrete foundation there, and I don't see anything else really being built down there. And I would say that the towers are a pipe dream right at this stage.

Mr. Hamilton stated we don't develop the property. We simply assess the value once it is developed. So, we will wait and see what will be there on April 1st of 2007.

Chairman Lopez asked Mr. MacKenzie, would you like to add anything?

Mr. Robert MacKenzie, Planning and Community Development Director, stated just that I haven't spoken with Chinberg recently. I know that they're now starting a new building, so that would be their fourth building. That will have six units, and none of that will be on the '06 assessments, but that will be ready for next spring. There has been no recent activity on the mid-rise buildings.

Alderman Gatsas stated so if...according to where Alderman Smith is, if nothing happens from now until April, there'll be a \$600,000 shortfall of next year.

Mr. Sherman stated yes, which falls to the make-whole agreement. Correct.

Alderman Gatsas asked is that being able to be drawn against the letter of credit?

Mr. Sherman responded yes.

Alderman Gatsas stated so we could have a letter of credit. It's down to less than fifty percent by next year.

Mr. Sherman stated a year from that, right. But again, at that point then they would need to refill the letter of credit, up to the million dollars.

Chairman Lopez stated they must maintain \$500,000 on each high rise.

Mr. Sherman stated right. And that still doesn't forego any future make-whole payments.

Alderman Smith stated Randy, he's already drawn a letter of credit. I have one from May 26, 2005 for fifty-six thousand, some odd. How much is left in this line of credit right now?

Mr. Sherman stated I want to say there's over a million two that's still left.

Alderman Smith stated a million two. I missed that one. Thank you very much.

Chairman Lopez stated I'm sure that you'll stay on top of it. Don Clark will also stay on top of it as we move along in this process. The economy and whatever happens to the high rises, and we'll go from there...just take it a day at a time. Anything that comes up, make sure, like you did here, let me know. The Committee is always available.

Alderman Gatsas asked Randy, what happens if they don't refill the letter of credit?

Mr. Sherman stated I don't know. I guess I'd have to ask the Solicitor's office how the City would resolve that.

Mr. Thomas Clark, City Solicitor, stated Alderman, I'll have to go back and look. I'll get you an answer. I don't have the agreements with me.

Chairman Lopez stated there is some provisions there too. I don't know exactly what the wording is. There is a provision in there. We'll get our money, one way or the other. Either take it over whatever the case may be. Let them get us an answer and we'll go from there.

Alderman Gatsas stated I don't think that was the sense of the project, Alderman, to take it over. I would hope that's not why we voted to put it into place!

Chairman Lopez stated no, we hoped they'd succeed and there's provisions in the contract that takes care of situations that come up that...and we'll go from there. Any other questions to bring before the Board?

Alderman Roy stated it seems that we're doing less and less with baseball in this Committee and I would love to see a true economic development special committee for our Board, so I would ask you as either Chairman of the Board to go ahead and look to either re-establish the name of this committee, more along the lines of economic development, which would include Riverfront, or go ahead and ask or work with the Mayor's office to establish an economic development committee, a special committee for this Board.

Chairman Lopez stated only the Board of Mayor and Aldermen can authorize the Chairman of the Board to establish a committee. A recommendation can come from this committee to the full Board in order for the Chairman to proceed. So, that's the only way I can do it as Chairman of the Board.

Alderman Roy stated I as a member of this Committee would definitely support, if that was to come forward.

Chairman Lopez asked does anyone else want to comment?

There being no further business to come before the committee, on motion of Alderman Smith, duly seconded by Alderman Gatsas, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee